



**THE WAY OF CHERY TO ACHIEVE THE MOST SUCCESSFUL AUTO
BRAND IN CHINA**

Thesis

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<p>Abstract</p> <p>The automobile market in China is in the state of growth. The development of new energy vehicles and the automobile industry is taking place in the forms of regrouping and restructuring. This offers Chery a great opportunity to develop and promote the brand.</p> <p>As one of the most influential and famous auto brand, Chery Auto has achieved an extraordinary growth rate and has become the pride of Chinese national automobile industry. Nevertheless, there is still certain potential in product quality, service and business culture which develops the brand image further. In consequence, issues regarding to manufacturing, service and business culture are needed to improve and strengthening.</p> <p>However, the brand advantage of Chery Auto is not protruding. Compared with international automotive corporations, Chery Auto is not dominant in brand recognition and brand core value. Furthermore, multi-brand strategy leads to dilution of major brands. There are many sub-brands under Chery; nevertheless, no sub-brand achieves big sales. None of Chery Auto's four sub-brands, Chery, Rely, Karry or Riich, is dominant in the automobile market. Its position in market is not stable.</p> <p>The purpose of this study is to find out appropriate branding strategies for national independent automobile manufacturer, Chery Auto. Consequently, information concerning strategic brand building and brand equity are required. Pivotal findings of this thesis are through both qualitative and quantitative studies. Qualitative references are entirely from official websites or governmental sources while quantitative data obtained from questionnaires. Based on the research and studies, proper branding strategies are found for Chery Auto.</p>		
<p>Keywords Branding Strategies, Automobile Industrial Restructuring, New Energy Vehicle, Chery Auto</p>		
<p>Note</p>		

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LIST OF ABBREVIATIONS

CAAM=China Association of Automobile Manufacturers

FAW=China FAW Group Corporation

SAIC=Shanghai Automotive Industry Corporation Group

DFM=Dong Feng Motor Corporation

Changan=China Changan Automobile Group

BAW=Beijing Automobile Works Co., Ltd

GAIG=Guangzhou Automobile Industry Group Co., Ltd

CNHTC=China National Heavy Duty Truck Group Co., Ltd

HEV=Hybrid Electric Vehicles

BEV=Battery Electric Vehicles, Pure Electric Vehicles

FCEV=Fuel Cell Vehicles

1 INTRODUCTION

This part consists of general background of Chinese automotive industry and brief description of Chery Auto.

The situation of repeating construction and wasting of resources in Chinese automobile industry is serious. With the rapid expansion of Chinese automotive industry, substantial vehicle producers sprang up. Until 2008, there are 130 whole vehicle producers in China. 7, 82 million automobiles were sold by the top 10 vehicle producers of China, which accounted for 83% of its total sales. Only 1, 59 million cars were sold by the rest of more than 100 automobile enterprises. (National Development and Reform Commission, 2010)

1.1 Chinese Automobile Industrial Restructuring

The purpose of restructuring is to revitalize national automobile industry by saving costs, purchasing together and developing jointly. (National Development and Reform Commission, 2010)

Early in 2004, National Development and Reform Commission had published Automobile Industrial Development Policy. In the Automobile Industrial Development Policy, existing vehicle producing enterprises' mergers and restructurings should be guided. Its purpose is to promote domestic automobile enterprises become bigger and stronger by expanding Chinese automobile companies' economies of scale and improving industrial concentration and by avoiding the scattered, chaotic and low level duplicated construction. (National Development and Reform Commission,

2010)

Back in 2004, two suggestions were put forward. One was to form several large international competitive automobile enterprises through market competition. These several large enterprises would try to step in the list of World Top 500 companies in 2010s. The mode can be strategic reorganization which means form large scale automobile groups by reorganizing domestic vehicle producers' assets and forge business alliances by encouraging complementary strengths and resources share and cooperation. As a result, a coordinated and developmental industrial structure of large scale automobile groups, business alliances and special purpose vehicle manufacturers will be shaped. The other suggestion was to develop a number of spare parts enterprises with comparative advantages. Make sure to realize their economies of scale and to participate in international competition actively. (National Development and Reform Commission, 2004)

Financial crisis speeds up Chinese automobile industry restructuring. Financial crisis leads to decrease of national and international purchasing capacity. Therefore, both domestic and overseas automotive needs declined. Domestic automobile producers face great pressure. By the impact of financial crisis, Chinese automobile production and sales sharply declined year-on-year in the second half of 2008. For instance, in the fourth season of 2008, Chinese vehicle yield negatively grew by 14, 92% and the vehicle sales decreased by 8, 15%. From November, 2008, negative growth appeared in industrial added value and total profits of national key automobile enterprises. Compared with the same period of year 2007, national major automobile enterprises' main business revenues and total profits had declined by 10, 53% and 103, 27% respectively in December, 2008. Consequently, the commercial vehicles sales market is relatively low and the export situation is grim. Under such a circumstance, requirements of restructuring from automobile industry itself become strong. (CAAM, 2010)

New pattern of Chinese automobile industry is supposed to consist of 8 main producers. Of which, China FAW Group Corporation (in short, FAW), Shanghai Automotive Industry Corporation Group (in short, SAIC), Dong Feng Motor Corporation (in short, DFM) and China Changan Automobile Group (in short, Changan) are considered as the “Four Big Groups”. The “Four Small Groups” are Beijing Automobile Works Co., Ltd (in short, BAW), Guangzhou Automobile Industry Group Co., Ltd (in short, GAIG), Chery Automobile Co., Ltd (in short, Chery) and China National Heavy Duty Truck Group Co., Ltd (in short, CNHTC). (Ministry of Industry and Information Technology of the People’s Republic of China, 2009)

According to Automobile Industrial Development Policy, FAW, SAIC, DFM and Changan (collectively, the “Four Big Groups”) are encouraged to implement mergers and acquisitions on a national scale. Correspondingly, BAW, GAIG, Chery and CNHTC (collectively, the “Four Small Groups”) are inspired to conduct regional mergers and acquisitions, which is a great opportunity for Chery. (Ministry of Industry and Information Technology of the People’s Republic of China, 2009)

1.2 New Energy Vehicles’ Condition

It is universally acknowledged that automobiles rely on petrol or diesel oil which were extracted and purified from petroleum. However, formation of petroleum needs thousands of years. Current volume of petroleum which had found on earth can only last for hundreds of years. Consequently, new energy automobiles emerge as the time requires. (Organization of the Petroleum Exporting Countries, 2010)

The new energy automobiles refer to vehicles which use unconventional motor vehicle fuel as power source and integrate advanced technology of vehicle power control and drive aspects. Nowadays, new energy automobile consists of hybrid electric vehicles (HEV), pure electric vehicles (BEV), fuel cell vehicles (FCEV),

hydrogen engine vehicles as well as gas cars, alcohol cars and so on. (CAAM, 2010)

To begin with, HEV refers to those models using traditional fuels while accompanied by electric engine to improve low speed power output and decrease fuel consumption. Its advantages are particularly obvious in low speed. However, it is impossible to realize fuel economy while long-distance driving or high-speed driving. Secondly, BEV refers to the vehicles powered mainly by electric engines or electric motors. Technology of BEV is relatively simple and mature. It decreases the dependency on petroleum fuels and reduces carbon emissions. BEV can recharge as long as there is power supply, which is apparently good news for consumers. Nevertheless, battery for vehicle is expensive and its unit energy storage is little, which is negative news for consumers. (CAAM, 2010)

Although each kind of new energy automobile has its strengths and weaknesses, the future of Chinese new energy automobile is BEV. Chinese technical superiority is not obvious in hybrid and fuel cell area. But Chinese pure electric vehicle technology is world class. Power consumption per 100 km of BEV is directly related to its weight. At present, weight of Chinese own BEV production is not large and its average power consumption per 100 kilometers is about 12 degrees which is about 10 RMB. In terms of fuel vehicles, the fuel consumption per 100 kilometers is 6 liters and costs of per 100 kilometers are four times higher than BEV. (CAAM, 2010)

In 2009, among all the automobile producers, BAW, SAIC and Changan had made magnificent developing programs about new energy vehicles. (CAAM, 2009)

Early in October, 2001, Chery Company had officially set up “special group of clean energy vehicles”. It specialized in technologies of hybrid vehicles and other alternative fuel vehicles research and development. In 2007 May, Chery A5 hybrid vehicle (BSG) drove off the assembly line and realized small patch production.

(Chery Auto, 2010)

1.3 Chery Auto Co. Ltd

Chery Auto Co. Ltd was established on 8th January, 1997. In 2010, the registered capital is 3, 68 billion RMB. On 18th December, 1999, the first Chery automobile was drove off the assembly line. Take the symbol of the first million automobile's off assembly line on August 22nd 2007, Chery Auto realized the transformation from its first period of building national own brand through independent innovation to the second period of establishing own international brand through open innovation. Chery Auto entered a new phase of globalization. Until 2010, Chery Auto had achieved the capacity of producing 900,000 automobiles, 900,000 engines and 400,000 gear machines annually. (Chery Auto, 2010)

Chery Auto's four existing sub bands are Riich, Rely, Chery and Karry. Its products cover passengers' cars, commercial vehicles and mini cars field. Presently, there are 16 series of dozens of models on the market and another dozens of reserve models are going to be listed on. Based on the product requirements of "safe, save energy, environment protection", Chery Auto had achieved the international quality system certification of ISO9001 and Germany Rhineland ISO/TS16969 successively. Over the years, with "zero defect" as the target, Chery products are favored by consumers. In 2009, Chery Auto achieved vehicle sales of 500,000, which had increased by 40% compared with vehicle sales in 2008. This is the 9th consecutive year of Chery Auto to become sales champion of national own automobiles and the 7th continuous year to be the largest passenger car exporter in China. (Chery Auto, 2010)

Globalization is Chery Auto's strategic development target. From the early stage of

development, Chery Auto focuses on both domestic market and international market. By implementing “going out” strategy actively, Chery Auto has been Chinese first vehicle enterprise that exported automobiles, CKD (Completely Knock Down) spare parts, engines and vehicle manufacturing technology and equipments to foreign countries. In 2006, Chery Auto was identified as the first group of “National Automobiles Exporting Base Enterprise” by Ministry of Commerce of the PRC and National Development and Reform Commission. Chery Auto started a new era of Chinese automobile industries’ cross border cooperation by cooperating with American Quantum LLC in 2007. Chery Auto is now conducting comprehensive layout of globalization. Its products are exported to over 80 countries and regions all over the world. There are 15 overseas CKD plants had been built and being built. Chery’s coverage of five main vehicle markets, Asia, Europe, Africa, South America and North America, has been realized through the markets radiation capacity of those producing bases. (CAAM, 2010)

By adhering to “great marketing” concept, Chery upgraded platforms of “Brand, Quality and Services” comprehensively and continuously enhance brand image and corporate image. In 2006, Chery was awarded as “Chinese Well Known Trademark” and appeared in the “Chinese Top 500 Most Valuable Trademarks” as the 62nd. In 2007, Chery Auto was elected in “The Most Competitive Top 20 Chinese Corporations in the World”. In 2009, Chery Auto was regarded the fourth time as “the Most Admired Company in China” by The Fortune Magazine. (CAAM, 2010)

2 MARKETING ENVIRONMENT OF AUTOMOTIVE INDUSTRY IN CHINA

Since the 1980s, Chinese macro economy had enhanced sustainably and meteorically and the Chinese people's living standards improved steadily due to the reform and opening up policy. Owing to a large population and a low vehicle ownership per capital, huge potential purchasing capacity turned in succession to a driving force of rapid growth of Chinese automobile industry. Consequently, the automobile industry became a significant pillar industry of national economy. (National Development and Reform Commission, 2010)

In January 1st, 2010, China Association of Automobile Manufacturers (CAAM) published data of Chinese automobiles output and sale units of year 2009. With an advantage of more than 3 million, for the first time China had surpassed the United States as the world's largest automobile production and sales country. According to the statistics, the production and sales of Chinese vehicles amounted to 13,791,000 and 13,644,800 respectively in 2009. (CAAM, 2010)

Nevertheless, China has not become an automotive superpower in the world. Though China's automobile production and sales quantity is the largest, there is still a certain gap in technical development and brand influences between China's automotive industry and other automobile superpowers'. (CAAM, 2010)

2.1 Automobile Industry in China

On the rope of the global economy recovery, the international automobile market has been in a recession situation in traditional markets such as American, Europe

and Japan. On the contrary, Chinese vehicle market is thriving. (CAAM, 2010)

As Figure 1 demonstrated, the production and sales units of Chinese automobiles in 2001 added up to 2,341,528 and 2,371,089 while in 2009 the amount increased to 13,791,000 and 13,644,800. In the 2000s, Chinese automobile industry keeps a high growth rate under the guidance of Industrial Restructuring and Revitalization Policy. (National Development and Reform Commission, 2010)

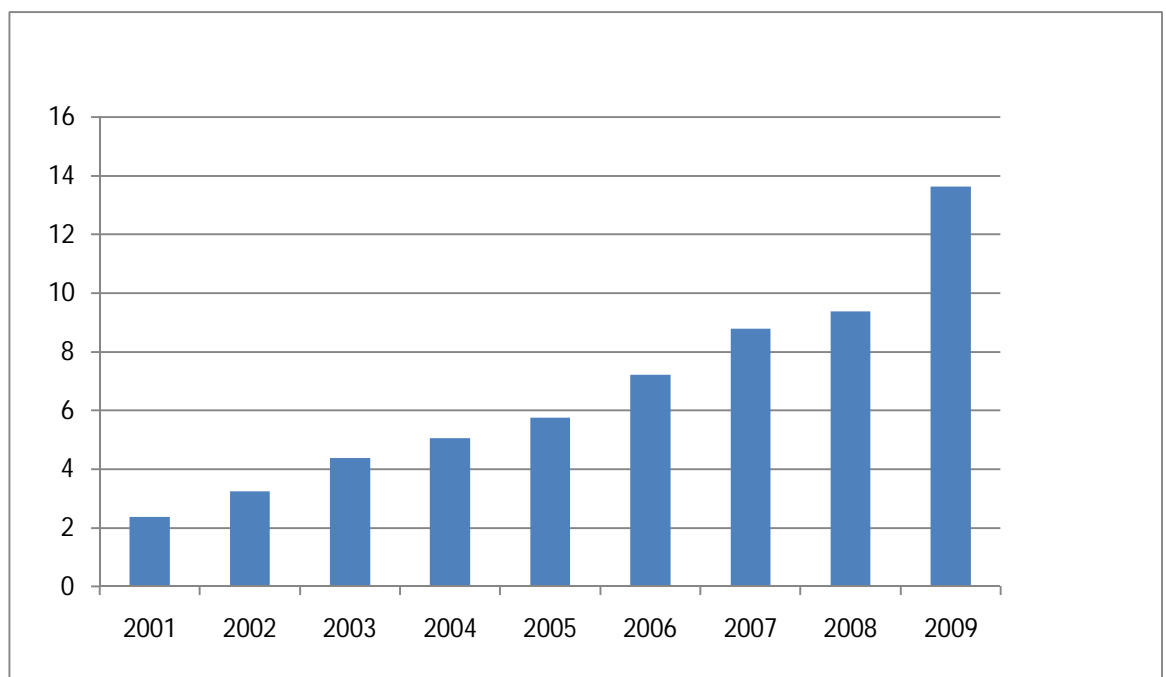


Figure 1 Annual Automobile Sales in China from 2001 to 2009 (million)

(National Development and Reform Commission, 2010)

In Figure 2, it illustrates that automotive sales in both of world's major markets, American and Japan declined during the 2000s while it enhanced sharply in Chinese market of the same period. Furthermore, the total volume of American market is huge compared with Japan and Chinese market in the first half decade. However, automobile sales skidded in American market, especially from 2007. On the contrary, automobile market in China is thriving and China surpassed American as the largest vehicle market in the world in 2009. The Japanese auto market volume is

approximately one third of it in American and the sales declined tardily in Japan, from 6 million to 4 million in a decade. (National Development and Reform Commission, 2010)

In addition, compared with the annual sales of vehicles in the world, the average automobile ownership per capital in China is still small due to the large population (Chart 2). There is huge potential capacity in automotive industry in China. (National Development and Reform Commission, 2010)

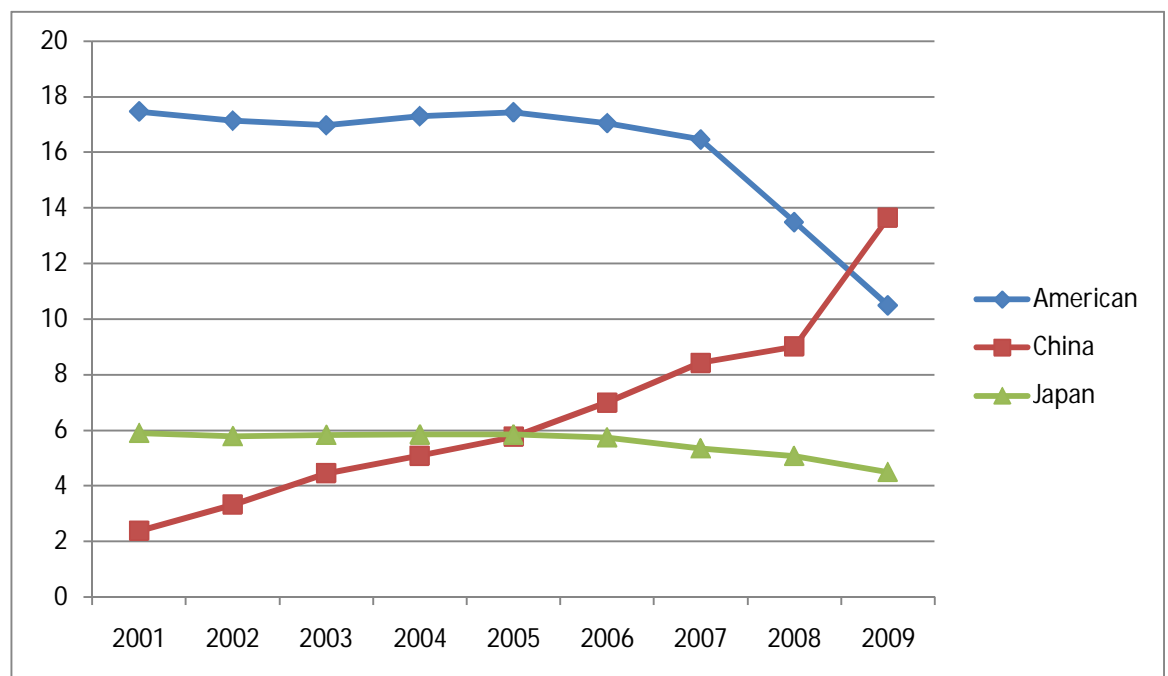


Figure 2 Annual Automobile Sales in China from 2001 to 2009 (million)

(National Development and Reform Commission, 2010)

Along with the rapid development of Chinese automobile industry, Chery vehicle sales enhanced steadily except a minuscule decline in 2008 (Figure 3). In 2009, the sales of Chery reached to half million while the sales quantity in 2008 amounted to 0.356 million. It took Chery to achieve the sales growth from the first vehicle to one million within 8 years. (Chery Auto, 2010)

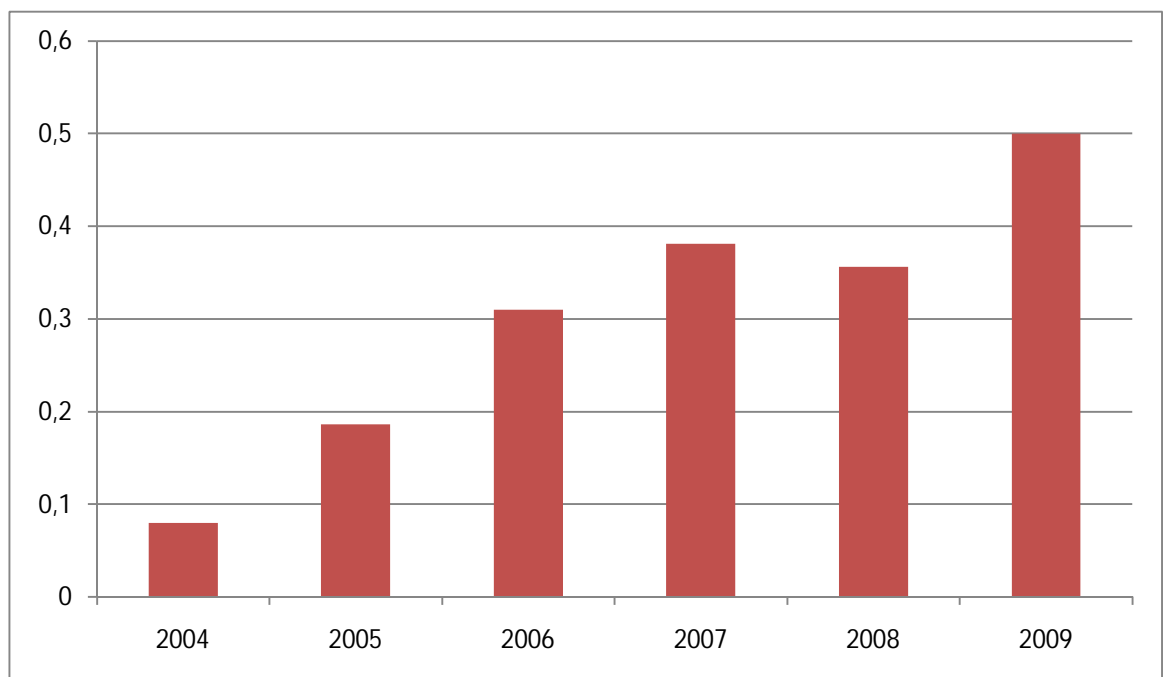


Figure 3 Annual Sales of Chery Auto From 2004 to 2009 (million)

(Chery Auto, 2010)

2.2 Brand Environment

Until 2010, there are more than 120 automotive producers in China and hundreds of vehicle brands in Chinese market. According to the automobile brands' ascription, these brands can be classified into two categories: national independent brands and joint venture brands. (CAAM, 2010)

2.2.1 National Independent Brand

National independent brands belong to pure Chinese capital enterprises or corporations that domestic capitals are in the position of control. Based on

themselves, national independent enterprises take a strategy of combining various development methods. In order to eventually possess the product property right and even the intellectual property right effortlessly, national independent firms seek dominance of product development and brand building in the beginning. (CAAM, 2010)

Nevertheless, due to reality of Chinese automobile industry and weak strengths of national independent vehicle enterprises, this model adapts to low-end, low-cost, technology is not extremely complicated puerile products such as multiple down-scale ultra-passenger vehicles, medium and ordinary commercial vehicles as well as edge automotive for a certain segment market. (CAAM, 2010)

In 2007, national independent brand vehicles' market share achieved 29, 4% while it decreased to 25, 9% in 2008. In 2009, sales of national independent automobiles in China sum to 6.8 million, accounted for 49, 3% of total sales. (CAAM, 2010)

2.2.2 Joint Venture Brand

Joint venture brands are the possessions of corporations that are combined by domestic producers and foreign enterprises. Substantially, the foreign partners of joint ventures are the world-renowned automobile producers. (CAAM, 2010)

With large capital and sufficient technical strength, risks of joint venture brands are relatively low. The cooperation between domestic and foreign enterprises is supposed to be strategic, based on mutual benefits. Localization should be realized not only in manufacturing but also in research and development. (CAAM, 2010)

2.3 SWOT Analysis of Chery Auto

SWOT analysis is an internal evaluation method of enterprises. It is a way to combine company's strategy with its internal resources and external environment by identifying the business strengths, weaknesses and core competence according to the company's own internal conditions. (Kotler, 2008, 135)

SWOT refers to Strength, Weaknesses, Opportunity and Threat. Thereinto, strength and weakness belong to internal factors while opportunity and threat are part of external factors. (Kotler, 2008, 135)

SWOT of Chery Auto:

Strengths:

Chery is a national proprietary brand. Chery's production cost is low and the prices of its product are competitive. Chery products' quality is reliable and Chery vehicles are in good performance. Chery achieved recognitions of national and international quality control systems. Chery has plenty of human resources including specialists, experienced marketing staffs, etc. Chery has sufficient capitals and fine business credits.

Weaknesses:

Chery spends excessive funds due to insisting on innovating and developing independently. Chery relies on overseas market heavily while lack of complete local sales and service systems, particularly lack of after-sales service. Business culture and brand advantage are not prominent.

Opportunities:

Chery is in possession of the world's largest auto vehicle market, China. According to the National Automobile Industrial Development Policy, Chery belongs to the 8 major automobile producers after restructuring. Additionally, Chery was encouraged to merge regionally. The government inspires new energy vehicle's development, which is considered as the future of automotive industry. Chery had exported to more than 80 countries and regions all over the world.

Threats:

Competition in Chinese auto market is fierce. Competitors such as joint ventures and foreign-invested enterprises possess powerful technical strengths and celebrated brands. Chery has to deal with foreign trade barriers and appreciation of Chinese currency. International financial condition is depressed.

Table 1 SWOT Analysis of Chery (Chery Auto, 2010)

<p>Strengths:</p> <p>National independent brand; Low costs and competitive prices; Reliable quality; National and international quality recognitions; Abundant human resources; Sufficient capitals and fine business credits;</p>	<p>Weaknesses:</p> <p>Huge expenditures due to innovation; Shortage of integrated overseas sales and services systems; No prominent business culture and brand advantage;</p>
<p>Opportunities:</p>	<p>Threats:</p>

<p>In possession of the world's largest auto market;</p> <p>National automobile industry restructuring;</p> <p>Governmental encourage of new energy vehicle's development;</p>	<p>Fierce automotive competition in China;</p> <p>Foreign trade barriers;</p> <p>Appreciation of Chinese currency;</p> <p>Depressed international financial conditions;</p>
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According to the SWOT analysis, it seems that Chery brand is not prominent enough.

To start with, multi-brand strategy leads to dilution of major brand. There are many sub-brands under Chery; nevertheless, no sub-brand achieves big sales. None of Chery Auto's four sub-brands, Chery, Rely, Karry or Riich, is dominant in the automobile market. Its position in market is not stable.

Furthermore, the brand advantage of Chery Auto is not protruding. Compared with international automotive corporations, Chery Auto is not dominant in brand recognition and brand core value. For instance, Volkswagen leaves the public an impression of reliable quality; Benz represents comfort while BMW means sporting and luxury.

3 BRANDING

Been defined as “a name, term, sign, symbol, design or a combination of these” by American Marketing Association, brand is used to distinguish one good or service from other products or services.(Kotler, 2009, 228)

3.1 Role of Brand

Brand makes one product or service different in some aspects from other products or services which are used to meet the same demand. On one hand, these differences can be functional, physical and tangible, which is related to the product properties. On the other hand, the differences are symbolic, emotional and invisible, which are related to things represented by brand. (Kotler, 2008, 511)

The role of brand is important. To start with, brand represents a certain quality level. Satisfied consumers are willing to purchase the same product. Brand loyalty provides predictable security of demand for the company and forms barriers to prevent other company's entry. Although competitors can copy production procedures and product design easily, it is difficult for them to compete with consumers' and organizations' deep impressions from long term marketing activities and product experiences. From this point of view, brand is a magnificent tool to ensure competitive strength. (Hammond, 2009, 9)

Furthermore, brand refers to valuable legal property. It influences consumer's behavior and it provides brand owners safe and sustainable future income. Mighty brand lead to company's better revenues and profits. On the other hand, it creates

more value for shareholders. (Hammond, 2009, 10)

Moreover, brand delivers a certain level of quality insurance. Satisfied purchaser is likely to choose the same product again. Brand loyalty brings predictable insurance of demands to company and forms entry barrier which stops other competitors entering this market. Although competitors are bound to imitate producing procedure and product design effortlessly, it is hard to compete with deep impression of individuals and organizations from secular marketing activities and product experiences. As a result, brand is a mighty tool which ensures competitive advantages. (Kotler, 2008, 511)

3.2 Category of Branding

Branding endows products and services with the power of brand. Branding is to establish variation. The key factor of branding is that consumers do not realize all brands in one category are the same. Differentiations of brand are relevant to products functions or value. In order to branding a product, consumers have to be informed who the product is, what the product does and why the product is focused. (Kotler, 2009, 228)

Branding embraces building psychological structure, helping customers to get familiar with the product and service knowledge they own and consequently defining what decisions are going to make. Meanwhile, this process brings profits to company. To ensure the success of branding strategy and develop brand value, consumers have to be convinced that different brands vary certainly in a certain product or service area. Both physical products such as automobiles and refrigerators and fictitious products such as services, organizations and people can

be branded. (Kotler, 2009, 229)

3.3 Strong Brand Establishment

As an intangible asset, brand refers to popularity which enhances corporate market shares and economical benefits. Nevertheless, building brands in nowadays' market seems to be different. Brand builders have to deal with both internal and external issues. (Aaker, 2002, 26)

In order to establish prosperous brands, it is significant to acquaint these internal and external issues. As Figure 4 reveals, there are eight points generalized. (Aaker, 2002, 26)

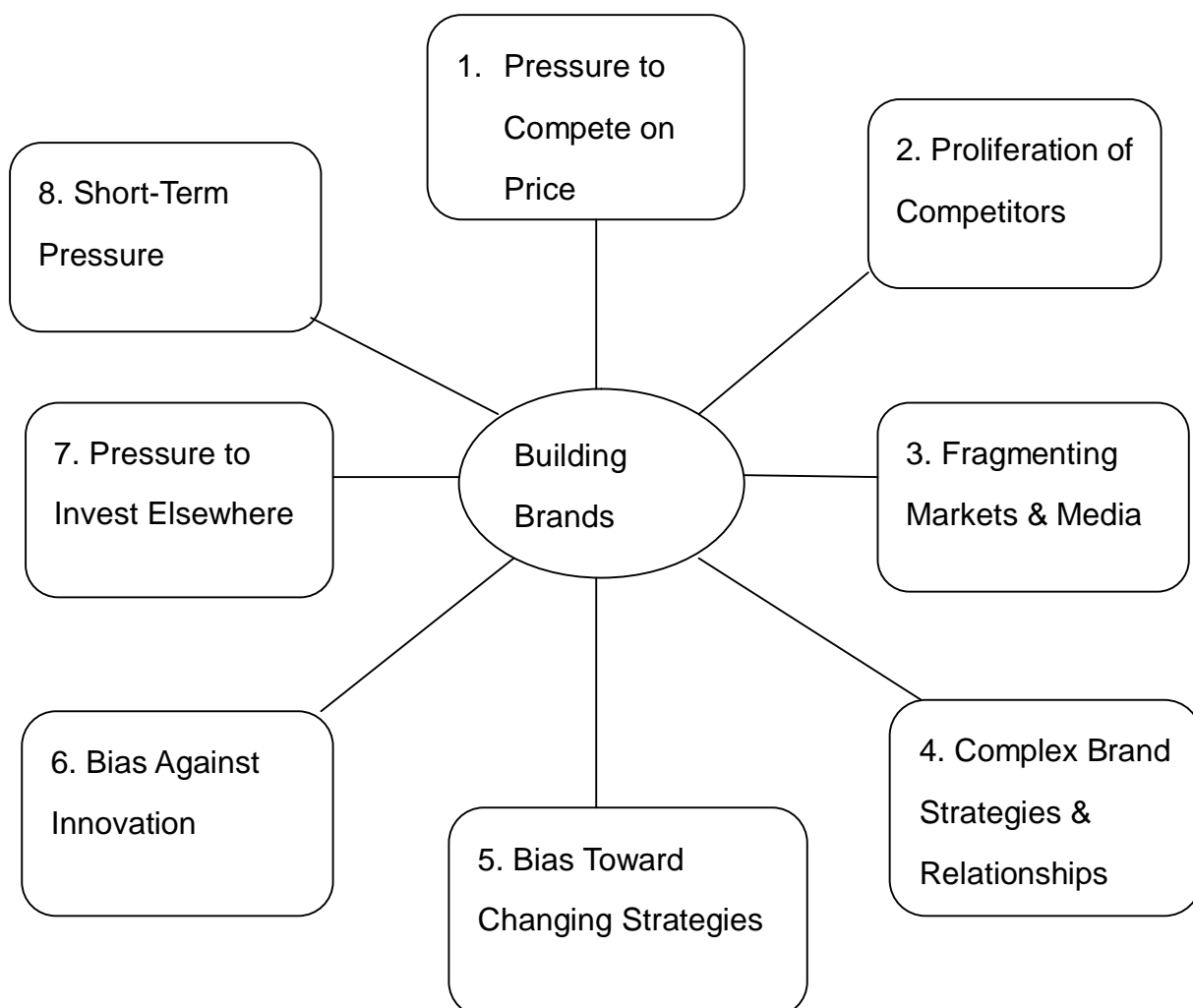


Figure 4 Why Is It Hard to Build Brands? (Aaker, 2002, 27)

Pressure to Compete on Price

The phenomenon of price competition is universal in business domain. Due to excess production capacity, limited product varieties, price conscious consumers and more and more powerful intermediaries, price competition is utilized increasingly. Under such a circumstance, companies have to cutback costs. (Aaker, 2002, 29)

Proliferation of Competitors

The appearance of extra competitors leads to more pressure on price and more complication on brand. In addition, increasing competitors is supposed to decrease the brand's survive conditions. For instance, brand position turned narrow and target market shrunk. Moreover, the competitive dynamic balance could be broken due to applying fresh methods by new entries or failures. (Aaker, 2002, 30)

Fragmenting Markets and Media

Compared with before, there are increasingly more varieties of media choices. Presently, there are various media options such as interactive television, Internet advertising, direct marketing, event sponsorship and more means are being created. With various purposes and viewpoints, all sorts of brand sustain events are organized by varied establishments and individuals. Thus, it is arduous to coordinate all the events. (Geoffrey Randall, 2000, 37)

Establishing and maintaining strong brands through media and markets is not liable any longer. The coincidence between media and markets does not exist any longer. The environment of building and maintain strong brands has changed largely. (Geoffrey Randall, 2000, 37)

Complex Brand Strategies and Relationships

It is hard to build and manage brands due to complex brand strategies. Every brand has to understand not only its identity but also the function concerned in its scope. It is tremendously significant to clarify connections between brands both strategically and in the viewpoints of consumers. (Aaker, 2002, 31)

Bias toward Changing Strategies

For most of the strong and celebrated brands, a mutual successful experience is to establish a distinct brand identity which does not change for a comparatively long period. Sometimes, changing of brand identity, even before it realizes its potential, leads to cutback of brand equity or unsuccessful of developing brand equity. (Aaker, 2002, 32)

Bias against Innovation

Though the tendency of adjusting brand identity or the execution exists, both psychological and financial inputs of being the same do not lead to real innovation in products or services. Every adjustment would bring more costs, risks and low return on investment. (Geoffrey Randall, 2000, 34)

Additionally, companies are content with little success and past achievements. Consequently, crucial environment changes and disruptive technologies would be neglected. Nevertheless, these vital market information and innovation are the successful foundations of new entries. (Geoffrey Randall, 2000, 34)

Pressure to Invest Elsewhere: The Sins of Complacency and Greed

As David A Aaker mentioned, how to establish a strong brand, without becoming

greedy and complacent, is a strategic issue. With the purpose of achieving better short term performance or financing multiplex businesses, the tendency of decreasing inputs in the dominating business area is popular. However, this behavior is deemed that cutback of investment in branding will not influence its brand at all. On the contrary, it is argued that some else investments are more promising. (Aaker, 2002, 33)

Short Term Pressure

In United States and UK, instead of emphasizing strategic thinking and establishing intangible assets, short term programs focus on immediate profit, current performances and share values. Thus, pressures from short term focus would lead to flout on brand building. (Geoffrey, 2000, 33)

To sum up, as the above eight factors demonstrated, building successful brand is not easy. The crucial issue of establishing prosperous brand is to comprehend the brand's demonstration and to express its specialty. In another word, the significance of brand building is to establish, maintain and manage well its four assets: awareness, perceived quality, brand loyalty and brand association. (Aaker, 2002, 35)

3.4 Brand Equity

Brand equity means the value added on products and services. It reflects consumers' thinking, feeling and actions taken about the product and the prices, marketing shares and profitability brand brings to a company. Brand equity is a significant tangible asset which is valuable to a company in both psychology and

finance. (Kotler, 2009, 229)

Brand equity comes from differences that customers react. If differences do not exist, brand products can actually be classified as an access version of commodities or products. Competition is based on prices. These react differences are caused by customer's brand knowledge which means thinking, feeling, image, experience and belief related to brand. Brand must bring customers strong, favorable and unique brand imaginations. Customer's different reactions that forming brand equity appears in perception, favor and action related to various aspects of brand marketing. Mighty brand leads to more incomes. (Kotler, 2009, 229)

In terms of brand equity, the marketing capital spent on market supplies annually is in fact an investment on customer's brand knowledge. Many brands gained considerable brand assets by investing in marketing activities that had left customers precious and unforgettable memories. Brand promise is the marketers' description of how a brand is supposed to be and what can a brand do for customers. Nevertheless, real value and future expect of brand depends on consumers. Consumers grasp knowledge about the brand, according to which they respond to marketing activities. Consequently, as a foundation of brand assets, understanding of customer brand knowledge appears to be crucial. (Kotler, 2009, 229)

David A Aaker, a famous American brand research and manage expert, argues that brand equity consists of Brand name awareness, Brand loyalty, Perceived quality and Brand associations. (Aaker, 2002, 8)

According to Geoffrey Randall's analysis, four arguments can be drawn. To start with, value created by brand equity is provided to both customers and firms. Furthermore, as a set of assets, brand equity is managed to increase and generate value of these assets. Moreover, there are all sorts of methods for each of brand equity to generate value. Thus, it is significant to distinguish different means of strong brand's creating

value. Lastly, brand logo and symbol are closely related to brand equity. Changing or replacing of brand logo and symbol can cause loss to brand equity, or worse.

(Geoffrey Randall, 2000, 23)

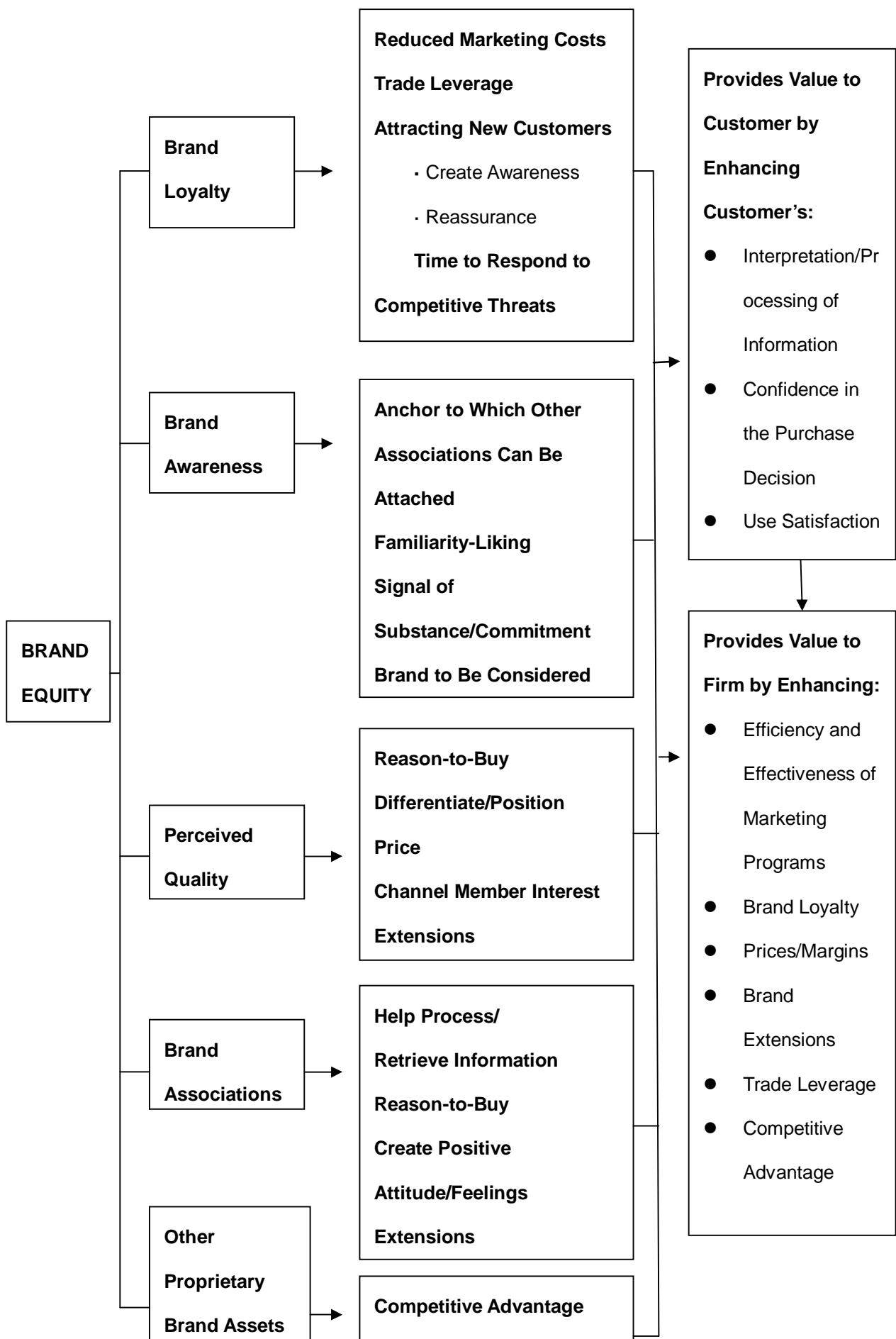


Figure 5 How Brand Equity Generates Values? (Aaker, 2002, 9)

Brand Awareness

Brand awareness denotes the capacity of a brand's existence in the consumer's or potential consumer's memory. (Dahlen, Lange & Smith, 2010, 207)

Ranging from recognition, to recall, to "top of mind", to dominant, awareness is measured in various ways. Recognition refers to familiar impression from previous encounter. It briefly reveals that there was an impression of a certain brand. Brand recall happens if it appears in customer's mind when mention its product category. Brand dominance happens when most customers can name only one brand in a recall task. (Dahlen, Lange & Smith, 2010, 208)

Perceived Quality

Based on the corporation's or brand's present public image and customer's consumption experience, perceived quality is defined as the brand ability of fulfilling consumer's expectations. (Aaker, 2002, 17)

Perceived quality improves brand assets in three ways. Above all, perceived quality is the only brand association which enhances firm's financial results. Moreover, perceived quality is a prime strategic approach to a certain trade or industry. It is also used as a position tool to distinguish differentiations of various categories. Furthermore, improvement of perceived quality has comprehensive effects. It tightly connected to most brand functional benefits. Benefits achieved from perceived quality will spread over total brand elements. (Aaker, 2002, 19)

Brand Loyalty

Brand loyalty refers to consumers' faithfulness to one particular brand regardless of marketing pressure and temptation of its competitors. Brand loyalty is the core of

brand value. (Aaker, 2002, 21)

Brand loyalty has a close relationship with consumer's characteristics and their experiences of using the product. Its formation does not depend on product's quality, popularity, brand association and propagation. It is extremely significant to enhance brand loyalty for the corporation's survival, development and enlarging market share. (Kevin Ford, 2005, 131)

The value of brand loyalty embodies in the following aspects. First of all, brand loyalty declines marketing costs and enhances profits. Retain existing customers is much less expensive than attract new ones. Plus, intention of corporation is to create value instead of merely making profits. Business foundation of every successful corporation is to generate value for customers. Outstanding value generated by firm benefits bringing up consumers' loyalty concepts. In reverse, customer's loyalty contributes to increasing profits and more value of company. Secondly, with brand loyalty, it is easy to attract new customers. High brand loyalty means that every customer could be an advertisement. Thus, a satisfied customer who is willing to build and maintain a long and stable relationship will bring considerable profits to the enterprise. Thirdly, brand loyalty expands selling channels. Enterprises in possession of products with high brand loyalty are in a positive position when negotiating with distribution channel members. Additionally, products with high brand loyalty are popular with distributors. (Aaker, 2002, 21)

Brand Association

Brand association is anything that related to brand memory It refers to the concept of brand image and usage attitude generated in consumers' mind when a particular brand is mentioned. (Kevin Ford, 2005, 2)

Keller divided the connotation of brand association into three patterns. The first

pattern is attributes association. Attributes association is in reference to depicted distinction of products or services. It consists of product related and no product related. Product related characteristics include price information, packing or product appearance information, user imagery and usage imagery. Non product related characteristics regard to purchased or consumptive external aspects of products or services. Benefits association is the second pattern. Benefits association refers to personal value that afforded by products or services characteristics, which means what the products or services can do for the consumers. The last pattern is attitudes association. Brand attitude is consumers' entirety evaluation of a brand. It is the basis of forming consumption behavior. (Keller, 2001, 4)

3.5 Brand Portfolio

There are four regular strategies in making decisions for branding market offerings: Multibrand strategy, Range branding strategy, Corporate branding strategy and Company and individual branding strategy. (Kotler, 2008, 532)

To begin with, multibrand strategy means that a brand strategy under which a company exploits two or more brands in the same category of a product. One major benefit of multibrand strategy is to separate the company's reputation from its products' success or failure. A certain fail product or an inferior product will not damage the company's image. However, a main drawback of multibrand strategy is that each brand could only take a little market share and each brand is not profitable. (Kotler, 2008, 532)

Afterward, range branding strategy means a brand policy that company develops independent product category names for different product items while corporate

branding strategy means that the company develops all its products in a dominant brand. Compared with range branding strategy, corporate branding strategy obtains its own advantages. For instance, its product development cost is relatively low due to the existing favorable brand awareness. Paying expensive advertisement is not necessary. In addition, new product will achieve market recognition immediately if the manufacturer's reputation is fine. (Dahlen, Lange & Smith, 2010, 210)

Moreover, company and individual branding strategy focuses both on the company's name and on the individual brands. By titling the company name in front of brands of various new products, new products' legalization is achieved and new products enjoy the company's reputation. Meanwhile, different new products obtain different characteristics by using different brand names respectively. (Kotler, 2008, 523)

Every brand has limitation. It is not realistic and not possible to occupy more market share by single brand or single strategy. In order to pursue multi market segment and attract more consumers, brand portfolio is introduced. (Kotler, 2008, 523)

Brand portfolio refers to all the brands and brand series in one category that company sells to consumers. Different brands conduct design and marketing according to different segments. In the best brand portfolio, every brand realizes assets maximization with all other brands in the portfolio. If profits could be improved by reducing brands, the portfolio is too big. The portfolio is small if the profits are improved by increasing brands. In general, the basic rule is to maximize market share and not to ignore every potential customer. Meanwhile, brand overlap is supposed to be minimized and to competition between brands from seeking to customers' recognition should be avoided. Every brand should achieve clear variance and attract the scale of segments which is enough to recover its costs. (Kotler, 2009, 243)

3.6 Strategic Brand Building

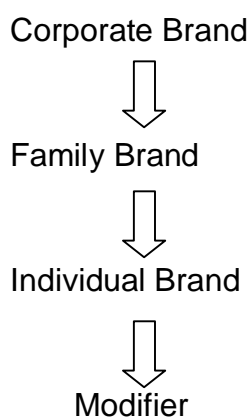
The strategic brand building consists of three parts: brand hierarchy design, supporting marketing programs design and communication tactics. (Keller, 1998, 409)

Brand Hierarchy Design

A brand hierarchy, by which potential branding connections and relationships among a corporation's various products are acquired, is a significant method of depicting a corporation's branding strategy. A brand hierarchy refers to a distinctive array of brands or sub brands under the parent brand of a corporation. Brand hierarchy illustrates the quantity and identity of mutual and unique brand characteristics across all products of the corporation. (Dahlen, Lange & Smith, 2010, 221)

Define Brand Hierarchy

According to Keller, a brand hierarchy is supposed to be classified from top to bottom as follows:



(Keller, 1998, 410)

The top rank of brand hierarchy consists of one brand which is the corporation or firm's name. The second level is family brand which is applied to some product varieties. Usually, family name is not the same as corporation or firm's name. Individual brand, as the third level of brand hierarchy, refers to a brand adopted within one product category. The last level is modifier which supplies limited editions or particular versions or special flavors for consumers. (Keller, 1998, 411)

The first step of strategic brand building is to define which brand hierarchy level or levels are supposed to be adopted. Broadly, there are two reasons for more than one level is used by most corporations. To start with, corporation requires permission of communicating particular information of its products from every successful brand hierarchy level adopted. As result, the company achieves the convenience of communicating its products' features by developing inferior hierarchy brand level. On the other hand, by developing advanced hierarchy level brands and applying the brands across various products, the company realizes a profitable method of communicating information and coordinating the company's internal and external proceedings. (Dahlen, Lange & Smith, 2010, 224)

Brand Elements Combination from Various Levels

Under the circumstance of combining various brand elements from various levels of the brand hierarchy to brand a new product, it is significant to determine the portion allocated to each brand element. (Keller, 1998, 432)

If adopting multiple brands strategy, every brand element is permitted to maintain their distinctions from combined brand. The notability of a brand element indicates its apparent and prominent differences from other brand elements. (Keller, 1998,

433)

In general cases, primary brand elements are supposed to be adopted to express the positioning conditions and various points. In order to play an assistant role and transmit a more limited array of composition, secondary brand elements are applied. Respective brand, which is relatively prominent, influences awareness of product and new product image. (Keller, 1998, 433)

Connecting Brand Elements with Various Products

Diverse methods of linking a brand element to multiple products exist. One of the easiest approaches is to apply the brand element across all relevant products literally. There are other sorts of methods to connect brand elements to various products such as adoption of a mutual suffix of a brand name to other products. In other circumstances, mutual symbols are also used to establish connections between brand elements and different products. (Keller, 1998, 435)

Streamline the Hierarchy

A logical brand ranking in a product mix benefits simplification of customers' decision making process and communication of various brands. The relevant logical brand ranking in a product mix burst upon consumers' sight in the form of different colors, different numbers and other styles. (Keller, 1998, 437)

Products Designation

Instead of selecting a brand element, description of the real branded product is

considered as a significant part of the branding strategy. Description of real branded products benefits consumers' comprehension of the product and definition of interrelated contention in customers' viewpoints. It is not simple to make a comprehensive and brief description of a product, especially of a new product with uncommon features. It is easier for customers to get familiar with and comprehend fresh products by introducing conversant names. Meanwhile, the drawback of adopting a familiar name is at the cost of a better understanding of distinctive new products. (Keller, 1998, 437)

Supporting Marketing Programs Design

Targeted Awareness and Imagery on Every Hierarchy Level

After selecting multiple brand levels, it is significant to decide how much the portion of awareness and which categories of associations are supposed to be established for brand elements of every rank. The accomplishments of the targeted range of awareness and power, fondness, and distinction of brand associations cost some period of time and drag in tremendous variations in customer sensations. Particular attention is supposed to be paid to plan, carry out and appraise marketing programs. (Keller, 1998, 439)

There are two universal tenets which direct establishment of brand intellect of each level under the circumstance of selecting sub-branding strategy related to multiple brand levels. One of the tenets is relevance while the other is differentiation. (Keller, 1998, 439)

First of all, the tenet relevance is built on the efficient and economical foundations. It is favorable to bring about associations that are with relevance to numerous lower positioned brands. Increasingly merit achieved by an association in the marketing of

the company's commodities leads to increasingly valid and saving ideas combined into a brand which is connected to all commodities. In general, a more metaphysical association is more relevant to its product backgrounds of various categories. (Keller, 1998, 439)

Thereafter, the second tenet is differentiation which is on the basis of the drawbacks of excess. On average, it is significant to make a distinction among parallel brands. Otherwise, consumers are probably confused to choose among them. Additionally, various levels of distributors would become negative if the parallel brands are not able to be distinguished effortlessly. (Keller, 1998, 439)

Marketing Program Modification

Modifications of marketing program occur in the process of transferring from single brand strategy to multiple brand strategy. For instance, various brands get variety of roles to play. Thus, it necessitates various marketing mixes. In consequence, design of commodities, pricing strategies, sales channel and series of marketing communication activities vary largely. These aspects above rely on the character of the brand and its codependency with else brands. (Keller, 1998, 441)

Communication Strategies

Communication strategies concerns integration. Beforehand, it means a consecutive program which is built on the foundation of practicality of the corporation's identity. Afterward, it refers to a seriate program which produces a pertinent public image that expands its business. Communication strategies are supposed to be distinct, which can highlight an organization. Meanwhile, communication strategies should be continuous and prominent among overall strategies. (Kevin Ford, 2005, 95)

Communication Strategies Require Persistency and Duration

It is considerable significant to realize that persistence to durable strategies outweighs pursuit of short term financial or other temptations, though business organizations and marketing environment vary permanently. (Kevin Ford, 2005, 96)

A persistent communication strategy leads to a positive cycle. In most cases, this could be accomplished as long as a corporation has an explicit and specialized perception and image. Brand equity, on the other hand, is strengthened due to the persistent communication strategy. (Kevin Ford, 2005, 96)

Communication Strategies Require Differentiations

Differentiations of communication strategies are supposed to be founded on practical corporate situation. Furthermore, stakeholders should be taken into consideration when creating the differentiations. Nevertheless, it is not necessary to create radical differentiations. A reasonable differentiation, which could be created by uncomplicated communication tactics, is important rather than competition. (Nicholas Ind, 1997, 75)

Communication Strategies Require Concentration and Comprehensiveness

Concentration and comprehensiveness refer to establish an integral information and condition to communications which offers consumers an obvious positioning of the organization. Within the comprehensive strategic order, the freedom of customizing information is desired. Meanwhile, it should be relevant to consumers as much as possible and it ought to be persistent. (Nicholas Ind, 1997, 77)

4 RESEARCH METHODOLOGIES AND SURVEY FOR CHERY

This thesis is primarily concerning the way of Chery to become the most successful brand in Chinese automotive market. As a fresh national independent vehicle brand, Chery has attained great accomplishments relying on its strengths and opportunities. Nevertheless, its brand advantage and brand value are not prominent; the brand differentiation is not obvious. Consequently, there is still large gap between Chery and top auto brands. Purpose of this marketing research is to provide a reference of brand building for Chery.

4.1 Research Problem and Research Methodology

The research problem is how to achieve the most successful auto brand in China for Chery.

The research approach applied in this thesis is quantitative research. Questionnaire is selected as a method of implementation because it is accurate, economical, rapid and easy to analyze. Questionnaire was developed to find ways that leads Chery to achieve the most successful auto brand in China.

Questionnaire was designed in paper form. It is schemed to distribute 500 copies of questionnaire. The questionnaire copies are supposed to be handed out in Hefei City, China. Questionnaires are dispensed to passengers at Transit Authority from October to November, 2010.

There are eleven questions in the questionnaire. The questionnaire consists of two

sections: one is the personal information of survey respondents while the other is customers' and potential customers' acknowledgements of Chery. Respondents' personal information includes gender, age and occupation, which benefits Chery to focus on target group. Customers' and potential customers' opinion of Chery helps to develop the brand strategy.

The target group is from 20 to 51 years old citizens in Hefei City, China. The age group covers the principle vehicle consumers in China.

Random sampling method is chose for the purpose of achieving more authoritative results. Random sampling ensures that every population has a same chance to be selected.

In total, there are 500 questionnaire copies were dispensed and 468 questionnaires were handed in. However, 450 copies of questionnaires were completely filled in.

4.2 Results of Survey

Primary purpose of this part is to analyze various data from questionnaires. Questions in the questionnaire reflect personal information of survey respondents and their acknowledgements of Chery brand. Analysis of data from questionnaire is going to provide a significant value to brand building strategies for Chery.

4.2.1 Personal Information of Survey Respondents

Questions 1, 2 and 3 involve personal information of survey respondents including gender, age and occupation.

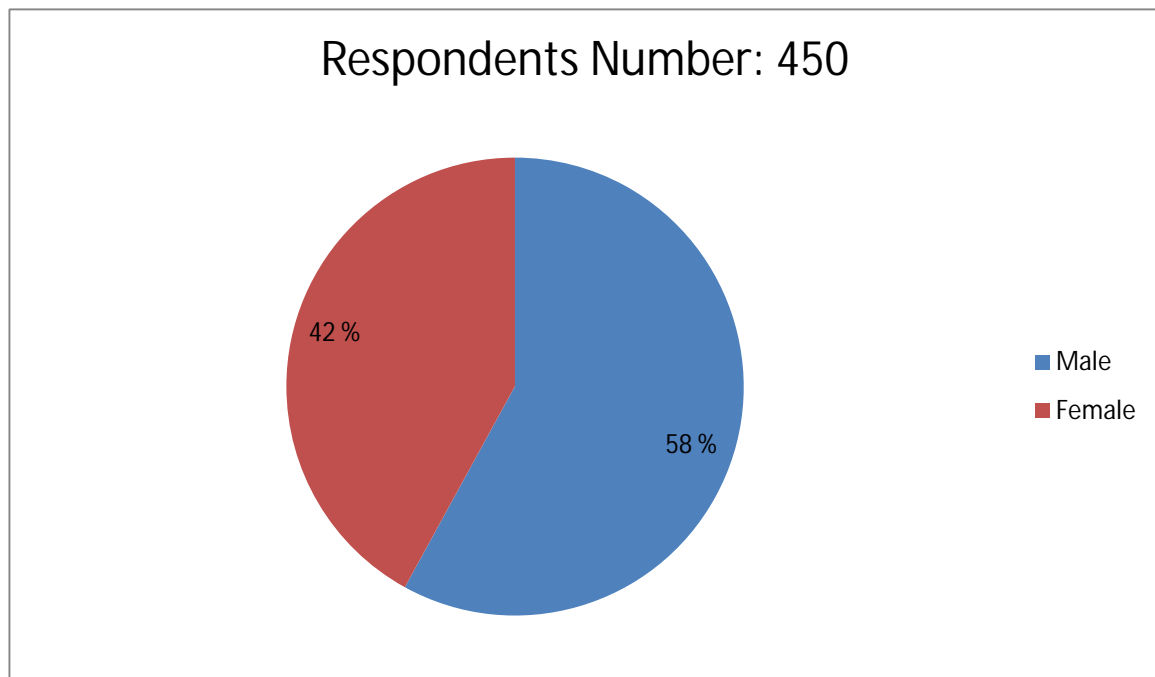


Figure 6 Respondents' gender

Question 1 is about the respondents' gender. Figure 6 reveals that male and female respondents' number are 261 and 189, which accounted for a proportion of 58% and 42% respectively.

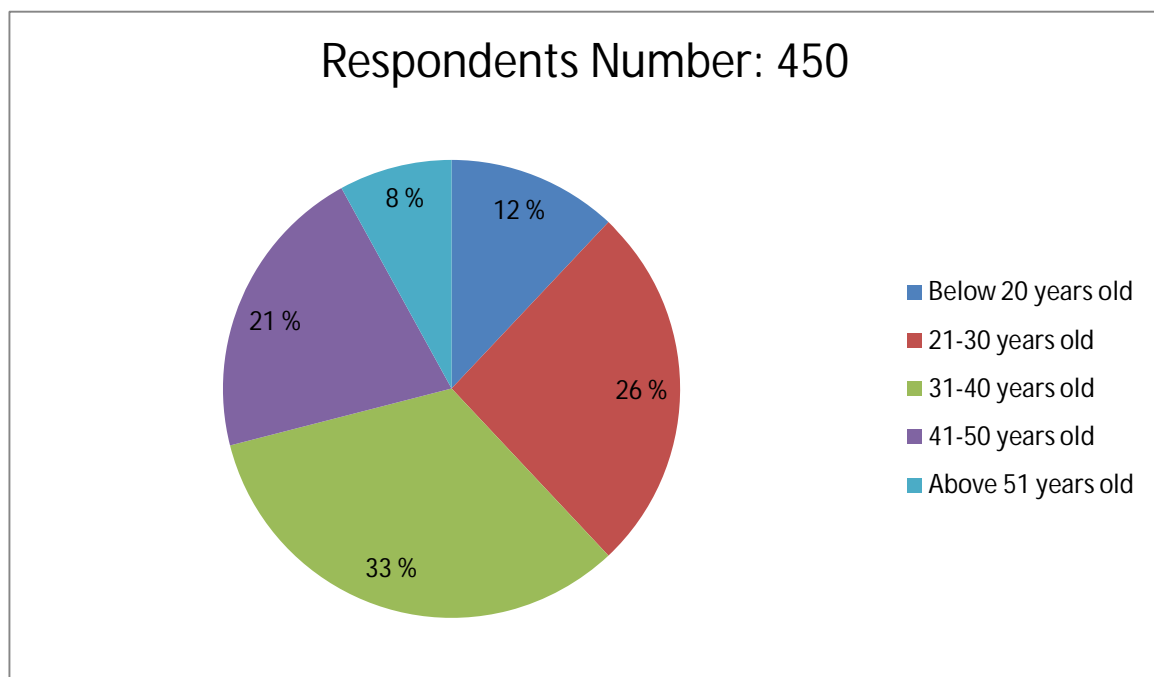


Figure 7 Respondents' age

Question 2 concentrates on respondents' age. The age group is from 20 to 51 years old, which covers the main target group of automobile consumers. The separation standard is 10 years. The age group 31 to 40 years old occupies 33% of the whole respondents. Next comes to age group of 21 to 30 years old, accounted for 26%. The third most proportion, 21%, is made up by the age group from 41 to 50 years old while respondents below 20 accounted for 12%. The smallest percentage is 8%, which is seized by respondents above 51.

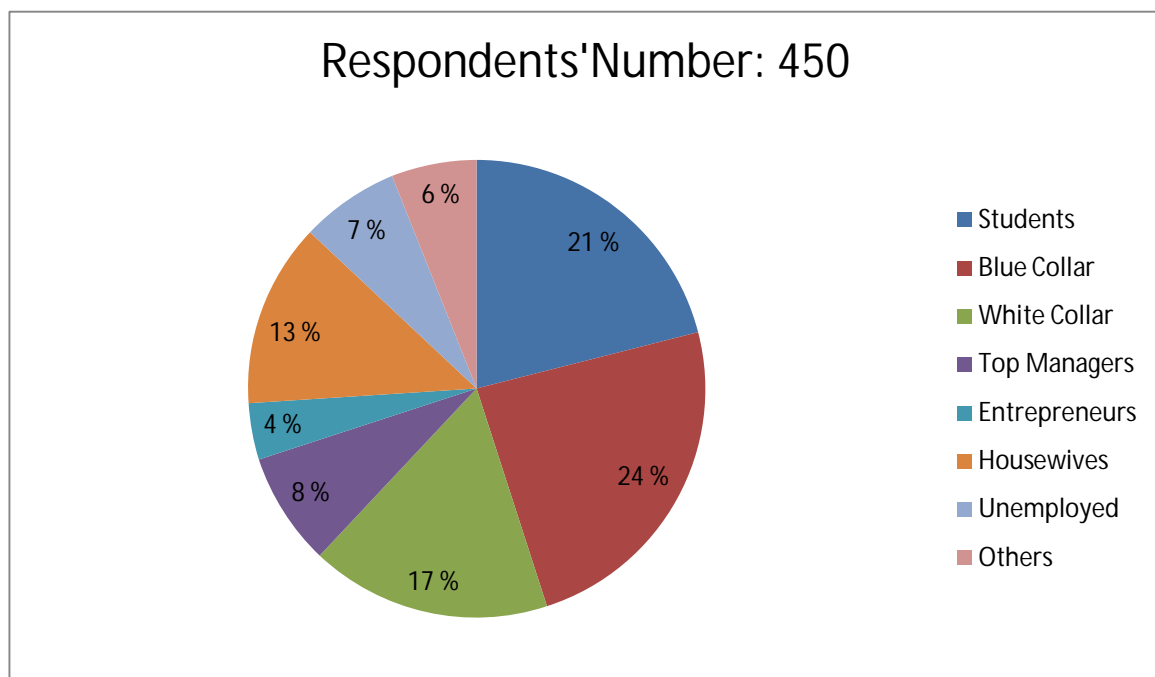


Figure 8 Respondents' occupation

Among all 450 respondents, Blue collar and students make up the top two proportions, respectively 24% and 21%. White collar and housewives accounted for 17% and 13%. The percentages among Top managers, Unemployed and others are pretty much the same, respectively 8%, 7% and 6%. The other kinds of occupations are not given. The smallest percent is Entrepreneurs, 4%.

4.2.2 Respondents' Acknowledgements of Chery

Question 4: Which domestic auto brand(s) do you remember?

This question demonstrates customers' awareness of national independent brands. Some domestic auto brands such as Zhonghua (22), BYD (76), Geely (68), Chery (128), Changan (32), Hongqi (66), and JAC (56) were categorized according to respondents' mention times. Figure 9 illustrates the proportions of mentioned

domestic auto brands.

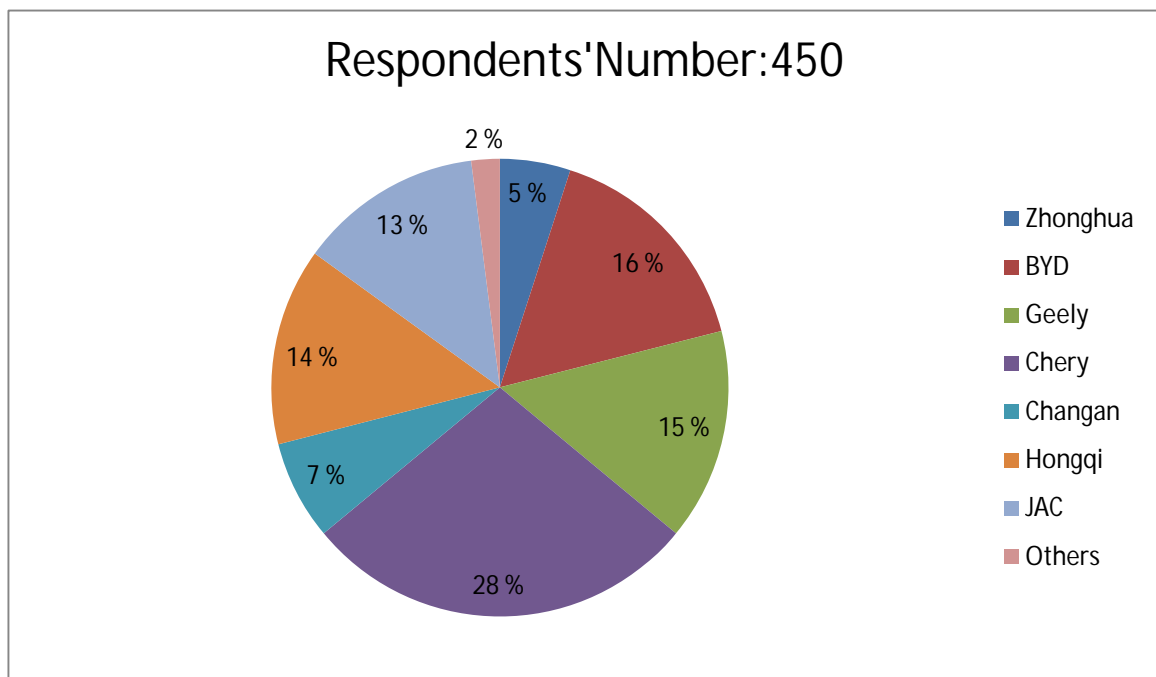


Figure 9 Respondents' awareness of domestic auto brand

Question 5: If Chery not mentioned in Question4, have you heard about Chery before?

Question 5 is about Chery's brand awareness. If respondents did not mention Chery in Question 4, then they need to answer Question 5: Have you heard about Chery before? Apart from 128 respondents mentioned Chery in Question 4, 322 respondents answered Question 5 and nearly 70% of them, 225, heard about Chery before as Figure 10 reveals.

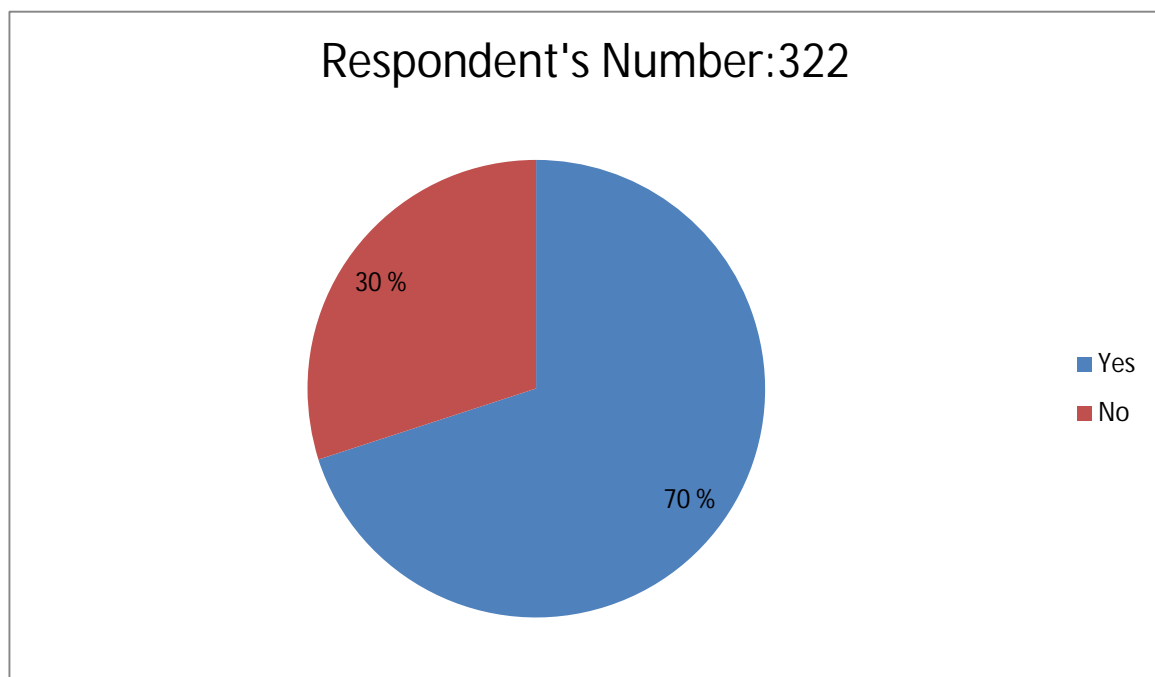


Figure 10 Rates of respondents heard about Chery before

Question 6: Through which channel have you heard of Chery?

This is a multiple-choice question. Figure 11 demonstrates that traditional medias such as TV, broadcasts and newspapers are the most popular channel respondents acknowledging Chery. Approximately 76% respondents have heard of Chery through traditional medias while 60% respondents know Chery by meeting on streets. 33% are aware of Chery on Internet and 28% are introduced to Chery by friends. Roadside advertising occupies a rate of 12%. Only 2% of respondents heard of Chery for the first time. 7% of respondents acknowledged Chery through other channels such as classes, exhibitions and so on.

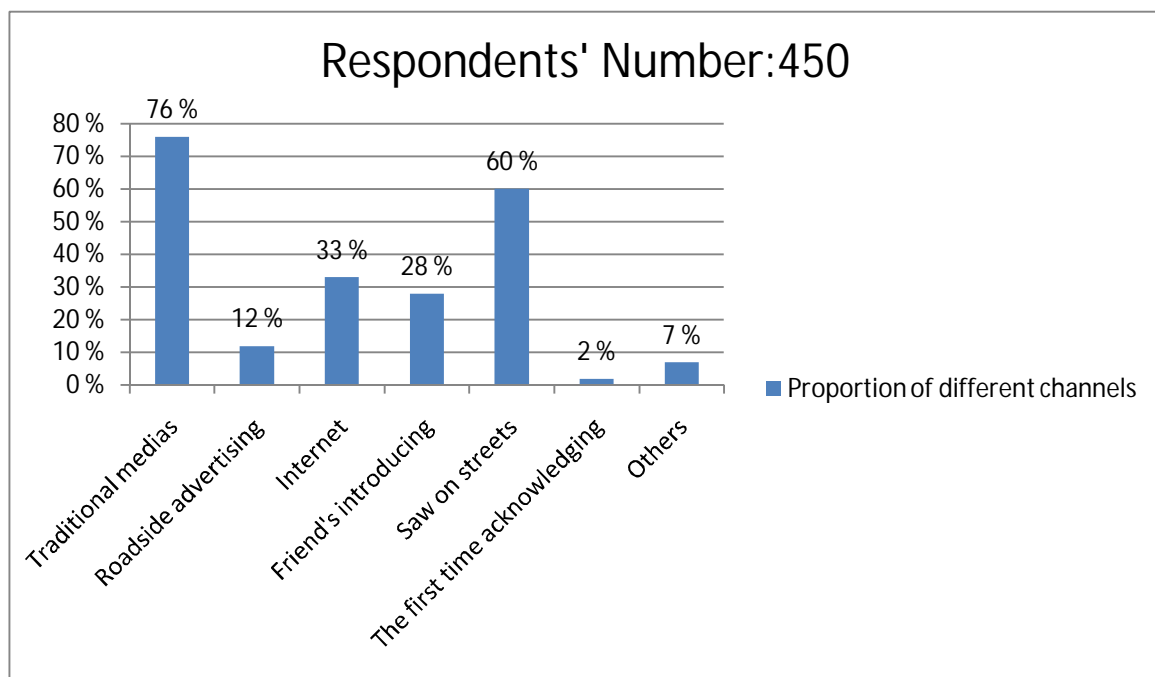


Figure 11 Shares of various channels that respondents heard of Chery

Question 7: Compared with other national vehicle brands, which grade do you think Chery belongs to?

As Figure12 reveals, among all respondents, 207 considered Chery as a low level auto brand, which made up a share of 46%. 43% of respondents believed that Chery belongs to medium rank while 11% argued that it is a high level brand.

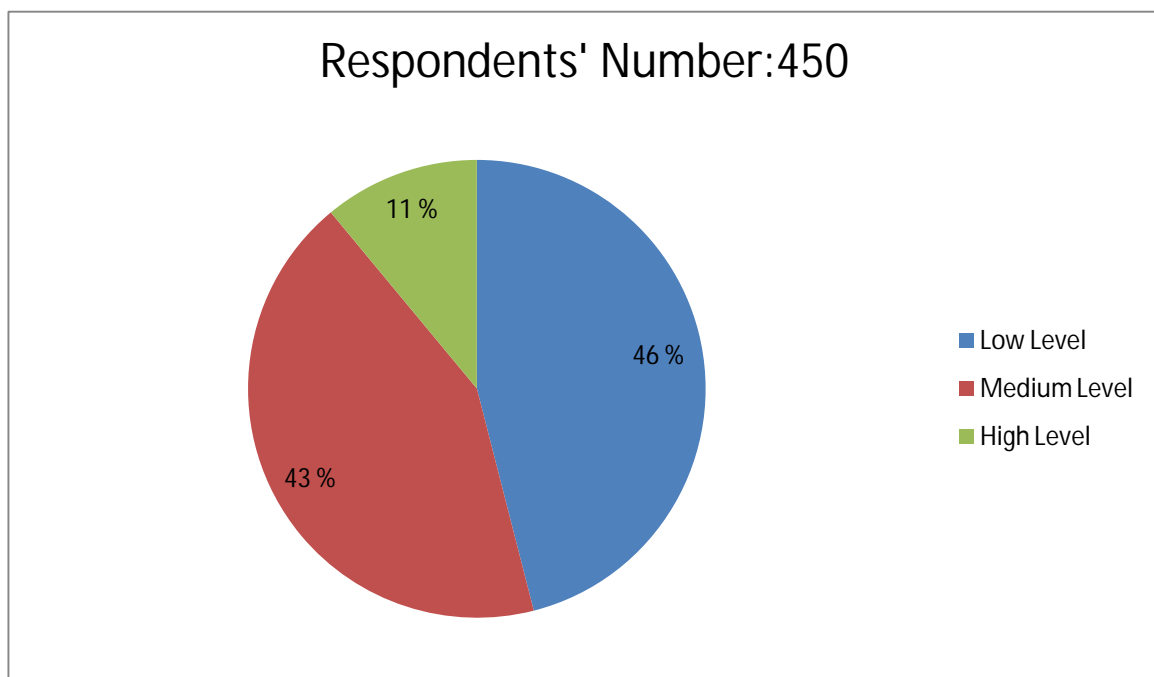


Figure 12 Proportions of different grades in respondents' point of view

Question 8: What's your impression of Chery vehicles' prices
(30,000RMB-150,000RMB)?

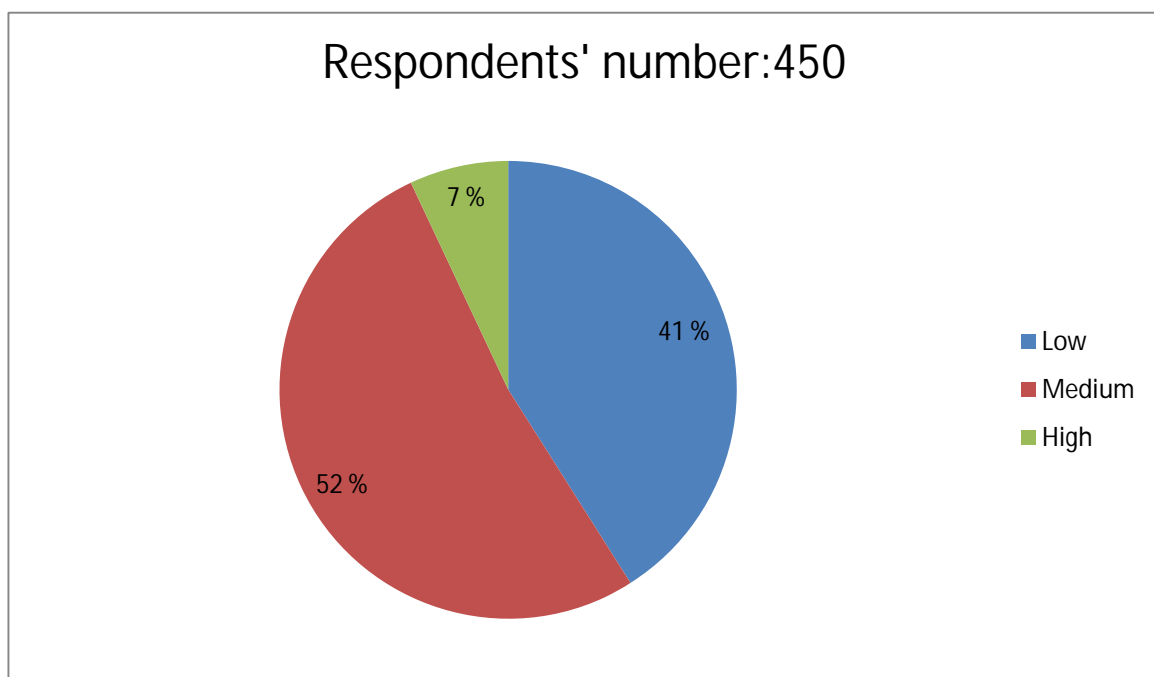


Figure 13 Respondents' opinion of Chery vehicles' prices

From Figure 13, it is obvious to conclude that over half of the respondents (52%) considered Chery's price is medium. 41% deemed Chery's price is low while the rest 7% believed its price is high.

Question 9: What's your impression of Chery auto's quality?

Respondents were asked to grade on five aspects of Chery vehicles' quality: manufacturing technique, safety, facilities/configuration, technology and after-sales service.

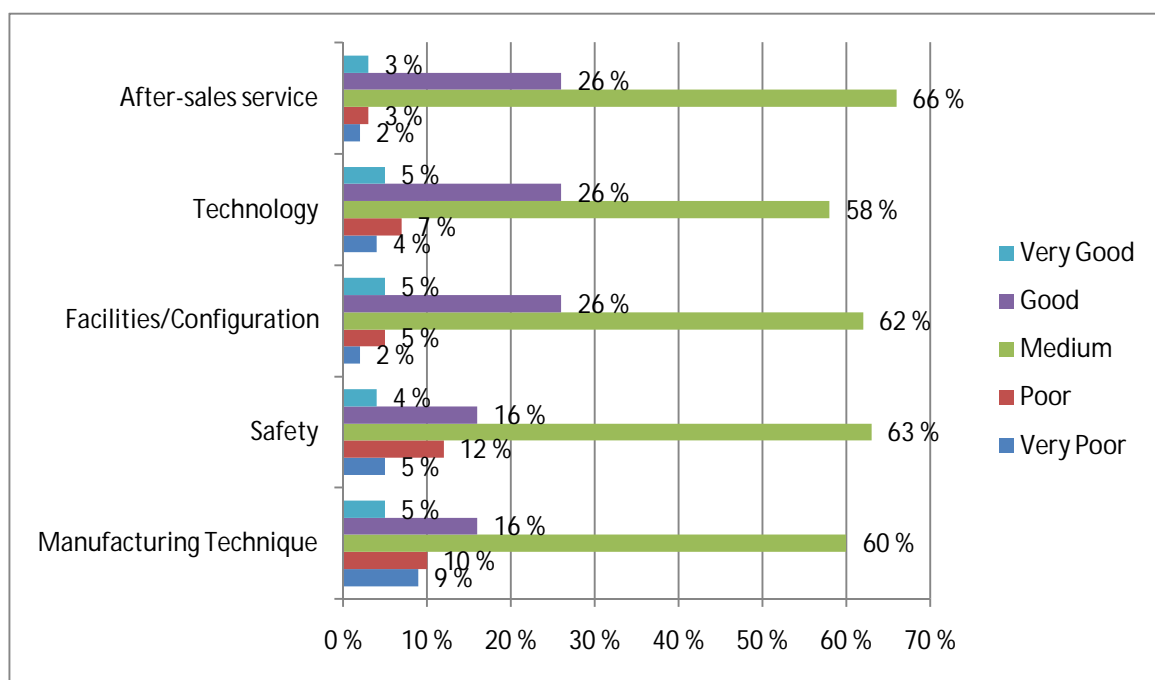


Figure 14 Respondents' impression of Chery auto's quality (Respondents' number: 450)

As Figure 14 illustrates, several conclusions could be drawn. Firstly, all of five aspects were considered medium by over half of the respondents while less than 5% of them argued these aspects were very good. 26% of respondents deemed that three aspects: after-sales service, technology and facilities/configuration, were good.

16% of respondents argued that safety and manufacturing technique were good while 10%-12% believed that these two aspects were poor. 3%-7% of respondents thought that after-sales service, technology and facilities/configuration were poor. 9% hold a belief that the manufacturing technique was very poor while 4%-5% hold the same idea on the safety and technology aspects. Only 2% deemed the after-sales service and facilities/configuration aspects very poor.

Question 10: What idea/value do you think the brand Chery represents?

This is also a multiple-choice question. Respondents may choose more than one item.

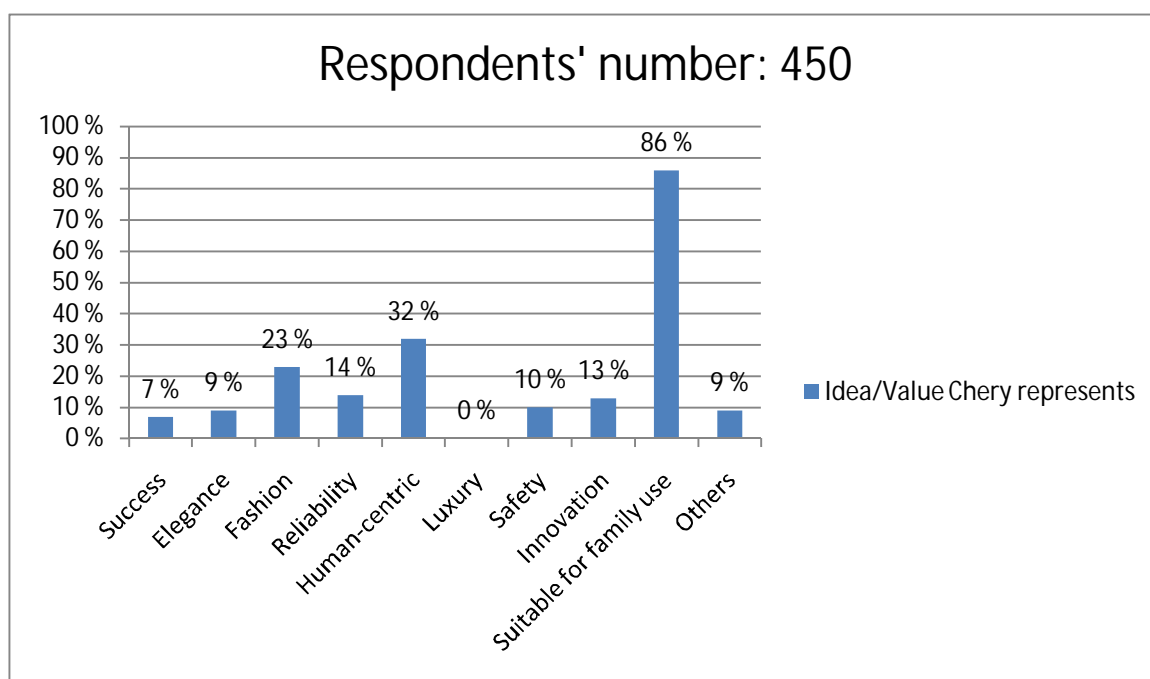


Figure 15 Respondents' opinion of idea/value Chery represents

Figure 15 shows that considerable respondents, 86% of total, considered Chery auto is suitable for family use. 32% though Chery represents human-centric while 23% deemed Chery fashionable. 14% hold a viewpoint of reliability and 13% regarded

Chery as innovation. In terms of safety, 10% are confident of Chery. 9% believes elegance is its characteristic while 7% thought success could reflect its value. As to luxury, none of respondents agree with it. Moreover, there are another 9% of respondents who deemed Chery other values. However, specifications of other values were not given.

Question 11: For Chery owners, will you select Chery auto if you are intending to purchase vehicle again?

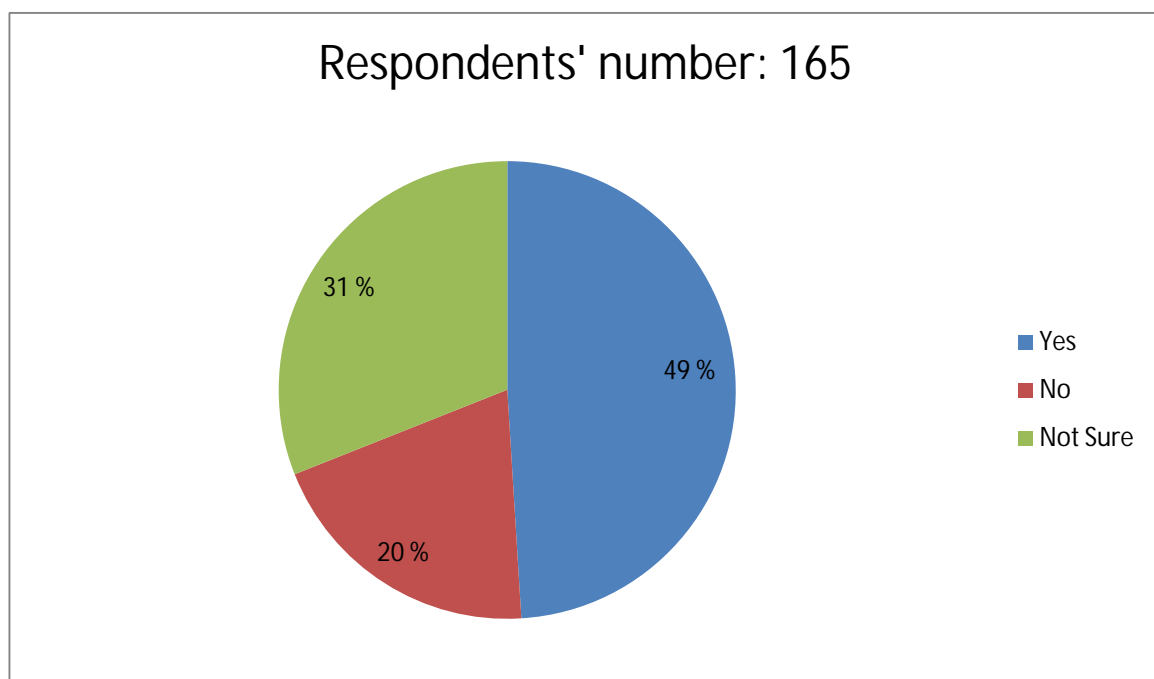


Figure 16 Percent for Chery owners to select Chery vehicles again

Purpose of setting this question is to acknowledge Chery's brand loyalty. Respondents of this question amount to 165. Among them, according to Figure 16, 49% would like to choose Chery again while 20% are not willing to select Chery. There are another 31% respondents who are not sure whether to choose Chery again.

5 BRANDING STRATEGIES FOR CHERY

Brand strategy refers to the business operation strategy which company considers brand as a core competitiveness to obtain differentiation profits and value. The essence of brand strategy is to model the core expertise of enterprise and ensure its long-term development.

5.1 Developing Brand Equity Strategy

According to analysis on questionnaire feedbacks, four results can be concluded. On the whole, the brand Chery has achieved high brand awareness. Most customers and potential customers have heard about brand Chery. However, there are still potential improvements in brand awareness. For instance, by comparing Figure 8 and Figure 11, it is apparent to conclude that more advertisements on internet should be launched since blue collars and students make up the top two proportions of respondents' occupation and most of them are young internet users.

Thereafter, Chery has a relatively high brand loyalty. Almost half of the Chery owners are willing to purchase Chery automobiles if they are intended to purchase vehicles again. Nevertheless, according to Figure 14, 17% deemed Chery's safety is poor or very poor whilst 19% argued manufacturing technology is poor or very poor. Consequently, safety and manufacturing technique might be the limitations influencing customers' decision of purchasing or purchasing again.

Afterward, Chery achieved a medium perceived quality. Most customers and potential customers are merely basically satisfied with its quality and technique.

Manufacturing technique, safety and technology are the three least satisfied aspects. Meanwhile, these three aspects need to improve urgently.

Last but not least, in terms of brand associations, Chery is considered as family use and human-centric. Over 80% voted Chery as suitable for family use while 32% considered it as human-centric. As far as I am concerned, Chery should be positioned as suitable for family use and human-centric, which remind customers of a vivid, clear and warm brand image. This value could also be involved in Chery's brand culture.

5.2 Brand Portfolio and Brand Hierarchy Strategies

The first principle of brand strategy is focus. Usually only when a certain brand becomes the top brand or be in the dominant position in the target market, the publishing of new brands for new markets and new categories is considered.

Currently, Chery adopts multi-brand strategy which dilutes the main brand's brand awareness. At present, Chery operates four brands: Chery, Karry, Rely and Riich. Among them, Chery is the main brand. None of its single sub-brand achieves big sales. Its market position is not solid. Despite the fact that its main brand Chery is far from achieving leadership in Chinese automobile market, it is too early to implement multi-brand strategy.

In order to operate multi-brand successfully, each sub-brand has to be positioned clearly and explicitly. Try to optimize and manage brand portfolio and brand hierarchy. Among Chery's four brands: Chery, Karry, Rely and Riich, variances between each brand are not clear enough. Homogeneous competition might exist.

By conducting and promoting its sustainable multi-brand strategy through brand segment positioning, brand price planning, brand management control and brand cultural improvement, Chery could perfect its medium and long-term brand strategy and finally deliver its special characteristics to customers.

5.3 Suggestions for Chery

Foundation of Brand: Quality

An apparent feature of brand is that brand offers better and more reliable quality. To a large extent, the foundation of creating and developing brand is to create quality advantages and outstanding characteristics.

In fact, product quality consists of design, manufacturing, function, packing and so on. Nevertheless, customers have different requirements on product quality. Consequently, Chery is supposed to specify customers' requirements and correspondingly segment the market.

Due to the financial strength and technology standard, Chery should seize the key indicators and develop its own quality features by combining with its strengths and expertise. For instance, by positioned as suitable for family use and human-centric, Chery is supposed to pay special attention to safety and practical functions when design and producing vehicles.

Life of brand: Service

In nowadays competitive market, service is no longer an exceptional work for enterprise. It is the focal point of business competition, which gains market shares, strives for customers, makes profits and attains reputations for enterprises. It is a significant way to achieve reputed brand.

The principle is to respect customers. Each customer considers themselves as a particular individual. As long as respect them and admit their spectacular value, can customers appreciated and satisfied.

Spirit of Brand: Culture

Enterprise culture is the determinate factor which lasts the longest for the growth of an enterprise. Enterprise culture is gradually formed in the long term business operations. There are mutual values, same ideals, common behavioral norm and uniform business concept between enterprise and staff.

Building brand is to create the brand's culture connotations. The purpose is to create the most unique, most upright and clear image. Due to lack of cultural deposit and support and short of specialty and variances, Chery is hardly accepted by consumers.

First of all, in order to establish its own visibility and enlarge its awareness, automobile producers should maintain a positive business relationship with mainstream media. Meanwhile, media related to automobile industry should not be neglected.

Secondly, public relation activities such as new product launch, social welfare activities, and test drive activities should be conducted regularly. The purpose is to form a fine image in the mind of high-end consumers and capture and develop

consumers with purchase ability.

Thirdly, development of vehicle distribution and sales network is a great opportunity for enterprise to demonstrate business culture and excellent image.

6 CONCLUSIONS

The automobile market in China is in the growth stage and the development of new energy vehicles and the automobile industry regrouping and restructuring are conducting, which offers Chery a great opportunity to develop and promote brand.

As one of the most influential and famous auto brand, Chery Auto had achieved extraordinary growth rate and had become the pride of Chinese national automobile industry. Nevertheless, there is still certain potentiality in product quality, service and business culture which epitomize the brand image. In consequence, issues regarding to manufacturing, service and business culture are needed to improve and strengthen.

Under the guidance of academic materials and educational literatures, theories of achieving strong brand and developing brand strategies were concluded and research of how to achieve a strong brand was conducted strictly according to the theory part.

In order to conduct a reliable marketing research, several preparations were paid attention to. For instance, random sampling is chose in order to minimize sample errors; questions in questionnaire are design in both close questions and open questions, which allows respondents to make supplements if needed; uncompleted questionnaires are ignored, etc.

Pivotal findings of this thesis are through both qualitative and quantitative studies. Qualitative references are entirely from official websites or governmental sources while quantitative data obtained from questionnaires. Based on the research and

studies, proper branding strategies are found for Chery Auto.

Nonetheless, there are limitations in this research. For instance, sample selected to answer questionnaires are only from one city (Hefei) in Anhui Province. Since Chinese automobile market is particularly large, the results from questionnaire might not be able to represent whole Chinese market.

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APPENDICES

Survey of Achieving the Most Successful Auto Brand for Chery in China

Q1: What's your gender?

- A. Male B. Female

Q2: What is your age?

- A. Below 20 years old
B. 21-30 years old
C. 31-40 years old
D. 41-50 years old
E. Above 51 years old

Q3: What's your occupation?

- A. Student
B. Blue Collar
C. White Collar
D. Top Managers
E. Entrepreneurs
F. Housewives
G. Unemployed
H. Others_____

Q4: Which domestic auto brand(s) do you remember?

Q5: If not remember Chery, have you heard about Chery?

- A. Yes B. No

Q6: Through which channel have you heard of Chery? (Multiple Choice)

- A. Traditional medias such as TV, newspapers and broadcasts
- B. Roadside advertising
- C. Internet
- D. Friend's introducing
- E. Saw on streets
- F. The first time acknowledging
- G. Others_____

Q7: Compared with other national vehicle brands, which grade do you think Chery belongs to?

- A. Low Level
- B. Medium Level
- C. High Level

Q8: What is your impression of Chery auto's price (30,000RMB-150,000RMB)?

- A. Low
- B. Medium
- C. High

Q9: What is your impression of Chery auto's quality?

Very Poor	Poor	Medium	Good	Very Good
1	2	3	4	5

Manufacturing Technique

Safety

Facilities/Configuration

Technology

After-sales services

Q10: What idea/value do you think the brand Chery represents? (Multiple Choice)

- A. Success
- B. Elegance
- C. Fashion
- D. Reliability
- E. Human-centric
- F. Luxury
- G. Safety
- H. Innovation
- I. Suitable for family usage
- J. Others_____

Q11: For Chery auto owners, will you select Chery auto if you are intending to purchase vehicle again?

- A. Yes
- B. No
- C. Not Sure